RAJYA SABHA

Thursday, the 28th November, 1919/ Aprahayana, 7 1913 (Saka)

The House met at eleven of the clock, **Mr. Chairman** in the Chair.

ORAL ANSWERS TO QUESTIONS

Monitoring the details of Import by Multinational Drug Companies

*101. SHRI H. HANUMANTHAPPA:† CHOWDHARY RAM SEWAK:

Will the PRIME MINISTER be pleased to refer to the answer to Unstarred Question 1650 given in the Rajya Sabha on the 12th September, 1991 and state:

(a) whether it is a fact that under the measures announced in 1986, it was obligatory tha details of imports by the multinaional drug companies would be monitored;

(b) if so, what steps have been taken in this regard and what arrangements exist;

(c) what are the names of multinational drug companies whose imports have gone up during 1990-91 over previous three years;

(d) what was the import of each such company during 1989-90 and 1990-91;

(e) what are the names of multinational drug companies which did not provide this information;

(f) whether it is also a fact that Government did not write to any of the multinational drug companies to furnish details of imports annually; and

(g) if so, the reasons thereof and what steps have been taken to collect such information?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI CHINTA MOHAN): (a) to (g) A statement is laid on the Table of the House.

Statement

(a) Para 6.7 of the Measures anounnced in 1986 which related to Phased Manufaturing Programme (PMP), *inter-alis*, provided that "All companies manufacuring bulk drugs would be required to submit to the Department of Chemicals and Petro-Chemicals their PMP proposals and the existing companies which import drug inermediates or other raw materials from their principals or their associated companies would be required to inform the Government of the details of such transaction within a month of such import."

(b) to (g) To give wide publicity to the said provision the matter was brought to the notice of all the Organisations/ Associations of the pharmaceutical industry. In their replies, certain companies had stated taht they were engaged in manufacturing activity in accordance with the conditions of licences granted to them under the I(D&R) Act. This was examined and in view of the provisions of Section 12(2) of the I(D&R) Act, it was found that there was no possibility of imposing the Phased Manufacturing Programme in respect of a licence for which effective steps had already been taken. As such, the data regarding import from principals or associate companies abroad would not have served any useful purpose for implementing PMP. However, in the case of all new proposals, the stage of manufacture was clearly specified in accordance with the report of the PMP Committee and the Customs Authorities were advised to permit imports accordingly.

SHRI H. HANUMANTHAPPA: Mr. Chairman this is yet aonther instance where the Government has been pressurised by drug manufacturers. The 1986 Drug Policy is very clear that all companies manufacturing bulk drugs would be required to submit their PMP proposals. I am reading from the statement

†The Question was actually asked on the floor of the House by Shri H. Hanumanthappa

of the Minister himself. "All companes manufacturing bulk drugs would be required to submit to the Department of Chemicals and Petro-Chemicals their PMP proposals and.....".

MR. CHAIRMAN: It is there in the reply.

SHRI H. HANUMANTHAPPA: Why I am reading this is, he has retraced his steps in the last portion of his statement itself. Here, the statements in the first paragraph and the second paragraph are contradictory. That is why I want to highlight this aspect. It further says, ".....the existing companies which import drug intermediates or other raw materials from their principals or their associated companies would be required to inform the Government of the details of such transaction with in a month of such import." This provision has been made after a detailed study.

MR. CHAIRMAN: But it is there in the reply itself. Why did you read it?

SHRI H. HANUMANTHAPPA: This provision was made to find out the over-invoicing of drugs and thereby the violation of the rules. Now the Government comes out with a statement that this was examined. This is again a part of his statement. "This was examined and in view of the provisions of section 12(2) of the I(D&R) Act, it was found taht there was no possibility of imposing the Phased Manufacturing Programme in respect of a licence for which effective steps had already been taken." So, no useful purpose will be served. Then, what is he going to do with the provision of section 22 in this Act? Is he going to amend this section 22 of the Drug Licensing Act? Or will he insist upon it? Is he withdrawing the Drug Policy announced in 1986 and the consequential Drug Price Control Order of 1987? This is my first supplementary.

SHRI CHINTA MOHAN: Sir, section 12(2) of the I(D&R) Act does not give me the legal authority. The hon. Member has mentioned section 22. I will examine it and if there is any possibility, we will try to invoke it.

SHRI H. HANUMANTHAPPA: Again, the Minister has not looked into section 22 properly. Before coming to the House he should have studied both because section 22 is consequent upon the policy of 1986. The manufacturers have taken shelter under section 12(2). While coming before Parliament, when the question is specific on the issue, he cannot take shelter saying, "I will look into section 22." And, again, his reply discriminates between the manufacturers already in the field and those who will come up. He says he cannot force the manufacturers already in the field and no useful purpose will be served. "As such, the data regarding import from principals or associate companies abroad would not have served any useful purpose for implementing PMP." For whom the purpose may not be served? The whole idea was to stop over-invosing and unusual profits to drug companies. Will the Minister say that the purpose will not be served by imposing this condition? And if he withdraws imposing this condition for the already existing companies, how can he impose this condition for the new licences? In the case of new licenes he says, "However, in the case of all new proposals, the stage of manufacture was clearly specified in accordance with the report of the PMP Committee.....". How can you insist upon for the new licences? It is a clear case of pressure being exerted by the companies already in the field. How do you overcome this discrimination? What makes him take this dual stand in case of the existing companies and why he wants to insist upon it in it case of new companies that are applying for?

SHRI CHINTA MOHAN: Sir, there is no dual policy here but the phased manufacturing process in the light of the new Industrial Policy does not have much relevance.

SHRI H. HANUMANTHAPPA: What about over-invoicing? The whole purpose

was to defect over-invoicing, FERA violations and curb the profits of the drug manufacturers.

SHRI CHINTA MOHAN: If the Member brings a specific instance, we will write to the Customs authorities to take proper action.

SHRI YASHWANT SINHA: Sir, this is nothing short of a scandal. Let me very clear about it.

MR. CHAIRMAN: That he has already said. Do you want to reiterate that?

SHRI YASHWANT SINHA: Yes, I want to reiterate what has happened and the way the Government is trying to conceal and protect certain vested interests, is nothing short of a scandal. The reply which the Minister has given is not complete Mr. Hanumanthappa had asked a specific question about specific firms. Now even in regard a specific firms, he could have said these are the specific firms which fall in the category of firms which had taken effective action to implement their licences. Why can't we know that? Why can't he tell us this? (*Interruptions*). The whole trick lies in the name and by withholding the names of the firms and by clearly conceding their imports, the Minister has not answered the second supplementary of Mr. Hanumanthappa quite clearly. Now, I woud request him and I ask him whether he has the list of those firms which had already taken effective steps according to him and on whom these new requirements will not be imposed according to the policy and no notice will be served and whether he will find out from the Customs what were their imports, because the Government have the figures even if the firms do not supply them the figures, and come back to the House and share with us this information as to what, how much and at what price these figrms have imported?

SHRI CHINTA MOHAN: Sir, I have a lot of admiration for Yashwant Sinha-Ji and he said, scandals and all that. The question of scandal does not arise here. He was the Finance Minister.. Customs and all those imports were under his control and all these are imports of not today. What was he doing earlier? This all goes to accepting the ineffectiveness of the previous Government. (*Interruptions*).

SHRI YASHWANT SINHA: Sir, I am sorry. How does it answer? (*Interruptions*).

SHRI KAMAL MORARKA: Sir, what is this? (*Interruptions*) Cant' we ask a question in the House? What kind of Parliamentary functioning we are having? (*Interruptions*)

SHRI V. NARAYANASAMY: It is not the question. He was telling that the effciency.. (*Interruptions*). You have to swallow it. (*Interruptions*) You were in the Government. You have to own the responsivility. (*Interruptions*).

SHRI KAMAL MORARKA: What is this? We can't ask questions? (*Interruptions*).

SHRI YASHWANT SINHA: Sir, the point is, I have said, it was his Ministry which had, under the PMP programme, made this obligatory. It was his Ministry. The Customs will allow imports of whatever is permitted by the Ministry under the policy. Now it is they who permitted it. What I want to know from him is, will be now go back to the Customs and collect the data because they have not collected the data and come back to the House. It is a simple question. I do not know why he is evading an answer to this.

SHRI CHINTA MOHAN: Definitely, I will try to collect the information from the Customs.

SHRI SUNIL BASU RAY: Sir, the way this question has been treated by the hon. Minister, is I think, an insult to this House. Any point to point reply to this question would have made it impossible to place any supplementary. Now I want to know why the PMP was imposed though the Government thought that section 12(2) of the Industries (Development and Regulation) Act was sufficient. I also want to know who are the

companies who have been favoured, as stated in this reply.

What consideration the Ministry had in coming to the conclusion that the information required under PMP would not have served any useful purpose for implementing the PMP? The answer is hiding many a fact. It is also hiding the nexus prevailing between the Cabinet and the industrialists and foreign monopolists; that is why I think it is ailing. I request the hon. Minister to make the entire episode clear here.

SHRI CHINTA MOHAN: We cannot do with the licences that were given tt the drug manufacturers under the I(D&R) Act before 1986. After 1986, 895 drugs were given licences. We and also the previous Governments have written letters to them. When Mr. Satya Prakash Malaviya was the Minister, he wrote letters to the different drug companies and when Mr. Gurupadaswamy was the Minister, he also wrote letters to the different drug companies and associations. They tried to extract information. We are not able to elicit any information because there is no authority with the Department.

SHRI N. E. BALARAM: Sir, from the answer given by the hon. Minister I am not very clear about the present picture. So I would ask only one question. Are the measures announced in 1986 still valid or not? If not, are you going to revise them? What is the present position of the Government?

SHRI CHINTA MOHAN: After 1986, new Industrial Policy has now come and the Phased Manufacturing Programme does not have much relevance and also section 12(2) of the I(D&R) Act does not give me much legal authority to do anything today.

SHRI N. E. BALARAM: Are you withdrawing those measures because the I(D&R) Act does not permit you to act? What is the position of those measures? Are they still valid?

SHRI CHINTA MOHAN: We will examine it.

SHRI N. E. BALARAM: What is the meaning of examining? I am asking whether those measures are valid or not.

MR. CHAIRMAN: He has said he is going to examine it. He has not examined it till now. On your prompting he will examine it. ....(*Interruptions*)... Smt. Bijoya Chakravarty.

SHRIMATI BIJOYA CHAKRAVARTY: Sir, according to the Drug Policy of 1986 the existing companies which import drugs, intermediates and raw-material from different parts of the world have been required to submit a conjecture to the Government. In case the companies failed, what steps did the Department take to implement such an important provision of the Drug Policy of the Government? If the drug companies did not provide the information as required under the provision of the Policy, what action has the Department taken against them? What are the names of the companies against whom the Government has taken certain steps for their defaults?

SHRI CHINTA MOHAN: Some companies have come forward with their statements and some companies have not come forward. If you want the list of companies. I am prepared to read their names.

MR. CHAIRMAN: No. Those who have not come out with a statement, what are you doing about them?

SHRI CHINTA MOHAN: Sir, I have already submitted the statement.

MR. CHAIRMAN: That statement you have submitted. Her question is this. Those who have submitted it, it is good and those who have not submitted it, what are you going to do about them?

SHRI CHINTA MOHAN: We will again write to them and try to elicit information.

Closing down of sick public sector undertakings

*102. SHRI JAGDISH PRASAD MATHUR:†
SHRI RAM NARESH YADAV:

Will the PRIME MINISTER be pleased to state:

(a) whether Government have conducted a detailed survey of their Public Sector Undertakings which are inefficient and loss making;

(b) if so, the details of the Public Sector Undertakings which have been found chronically sick and unlikely to be turned around and referred to the Board for Industrial and Financial Reconstruction or other such high level institutions for revival/rehabilitation;

(c) what is the latest position of these Undertakings;

(d) how Government propose to rehabilitate the workers who would be affected by the closures; and

(e) whether the State Governments have been advised to conduct similar survey in respect of their Public Sector Undertakings, if so, the details thereof?

†The Question was actually asked on the floor of the House by Shri Jagdish Prasad Mathur.

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY (SHRI P .K. THUNGON): (a) to (e) A Statement is laid on the Table of the House.

Statement

(a) Yes, Sir.

(b) Based on the performance of Central Public Sector Enterprises upto the year 1989-90 and also based on the definition of sickness given in the sick Industrial Companies (Special, Provisions) Act, 1985, 50 Central Public Sector Enterprises would be considered as chronically sick and referred to the Board for Industrial and Financial Reconstuction after amending existing provisions of the said Act for revival or rehabilitation. A statement indicating the names of such enterprises is given in the annexure attached herewith.

(c) There is no change in the status of these enterprises.

(d) Government have already announced setting up of a National Renewal Fund to rehabilitate the workers who would be affected by the closures, if any.

(e) No, Sir. Various State Governments have been conducting surveys in respect of their public sector enterprises on their own.

Annexure

List of Chronically sick Public sector undertakings

S. No.	Name of the Cogn te Group/Public Sector Undertaking
1	2
	STEEL
1	Indian Iron & Ste l Co. Ltd.
	MINERAL AND METALS
2	Bharat Gold Mines Ltd.
	FERTILIZERS
3	Fertilizer Corpn. of India Ltd,
4	Hindustan Fertilizer Corpn. Ltd,